Annual Report 2021

Naviair, Naviair Allé 1 | DK 2770 Kastrup | CVR-nr.: 26059763

NAVIAIR

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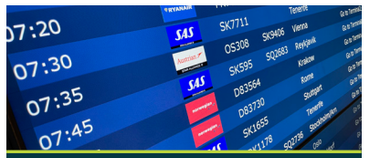

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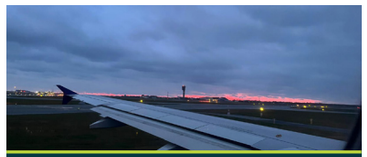

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Annual Report 2021
- published in Danish, March 2022
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Download the Annual Report from www.naviair.dk/

Company information

Naviair
Naviair Allé 1
DK 2770 Kastrup

CVR: 26059763
Registered office: Kastrup
Financial year: 01.01.2021-31.12.2021

Naviair is a state-owned infrastructure company with status as a company owned by the Danish state represented by the Ministry of Transport.

Naviair has been designated by the Danish Civil Aviation and Railway Authority to provide air navigation services.

Board of Directors
Anne Birgitte Lundholt, Chairman
Per Møller Jensen, Deputy Chairman
Esben Jean-Pierre Blum *
Flemming Kim Hansen *
Peter Labusz*
Jørgen Martin Meyer
Birthe Høegh Rask **
Christina Rasmussen ***

**) Elected by the employees*
***) Chairman of the Board of Directors' Audit Committee*
****) Member of the Board of Directors' Audit Committee*

Executive Board
Carsten Fich, CEO
Mads Kvist Eriksen, CFO

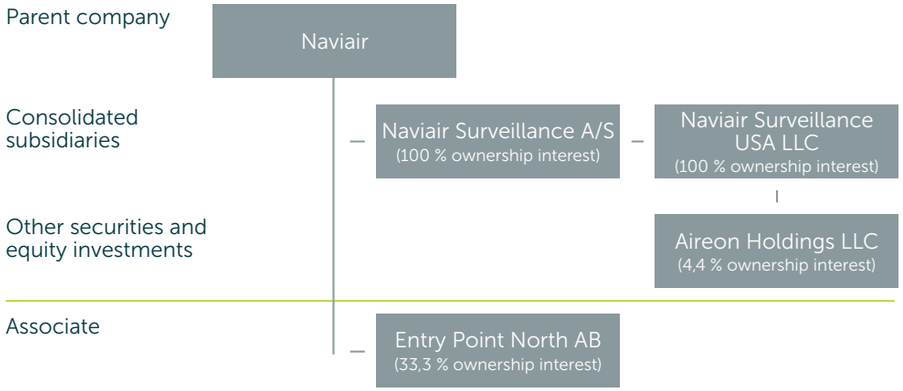
Auditors

PricewaterhouseCoopers
Strandvejen 44
DK 2900 Hellerup

Rigsrevisionen
Landgreven 4
DK 1301 Copenhagen

Group structure

at 31 December 2021



Naviair's mission

We will facilitate availability and mobility in airspace to support growth and safety in Denmark

Naviair's vision

We will challenge
one another to strike the right balance between capacity, service and costs to improve availability in Denmark

We will develop
the infrastructure so that aviation can widen its reach and thus contribute to increased mobility in Denmark

Naviair's core activities

Air Traffic Management (ATM) in Danish airspace
From the ATCC in Copenhagen, we provide area control services (En route) and approach control service to Copenhagen Airport.

From the tower in Copenhagen, we provide aerodrome control service.

From the towers in Roskilde, Billund, Aarhus, Aalborg and on Bornholm, we provide local aerodrome and approach control services.

Aeronautical Information Service (AIS)
We provide Aeronautical Information Publications (AIPs) in Denmark, Greenland and the Faroe Islands.

Flight Information Services (FIS) in Denmark and the North Atlantic area
From the ATCC in Copenhagen, we provide Flight Information Services and briefing service.

From the ATCC in Nuuk, we provide Flight Information Services and briefing service.

From the tower on Vágar in the Faroe Islands, we provide Aerodrome Flight Information Service.

The drones are coming
Naviair's designation as an ANSP in Danish airspace includes drones.

Our drone department will establish a traffic management platform for drones in the coming years that will enable both beyond visual line of sight operations (BVLOS) and integration with conventional air traffic.

Technical support and maintenance
We are responsible for technical support and maintenance of our own navigation systems, communications systems, surveillance systems and other ATM equipment in Denmark, Greenland and the Faroe Islands.

From our technical bases in Copenhagen, Billund and Aalborg, we sell technical support and maintenance to aviation customers.

Management's review

In 2021, COVID-19 continued to have a negative impact on air travel and even though traffic increased over the course of the year, there are still far fewer planes in the sky compared with the period before 2020.

While the traffic level was low in the first few months of 2021, the number of flights increased in the early summer. This trend continued during the summer season, when traffic grew from around 25 per cent of the 2019 level in June to 60 per cent in mid-September, but growth subsequently stagnated during the autumn. For 2021 as a whole, controlled operations in Danish airspace reached 44.8 per cent of the 2019 level.

In October 2021, STATFOR published a new seven-year traffic forecast. This predicts that traffic will increase to 83 per cent of the 2019 level in 2022, with a full recovery to the 2019 level at the start of 2024. This forecast is thus more optimistic than previous predictions with regard to how quickly traffic will increase and recover to pre-COVID-19 levels.

In 2021, Naviair delivered efficient ATM with almost no delays. In the en route area, there was an average delay of 0.00 minutes per operation and the average delay at Copenhagen Airport was also 0.00 minutes per operation. Naviair also managed air traffic so that 98.9 per cent of all flights took the most direct route through Danish airspace. Naviair thus fulfilled the requirements set by the EU for Naviair. The performance plan for the third reference period (RP3) was submitted to the European Commission at the end of 2021. Approval of the performance plan is expected in spring 2022.

The result for the year was a small loss of DKK 2.2 million compared to a loss of DKK 47.0 million in 2020. The result for the year benefited from a DKK 398.4 million adjustment of over-/under-recoveries, mainly related to the EU regulation on exceptional measures. We thus expect to be paid this sum retrospectively through increased unit rates over a seven-year period from 2023.

In 2021, Naviair drew a further DKK 398.8 million on its loan facility, which means that payables to credit institutions now amount to DKK 573.8 million. Naviair has secured a total loan facility of DKK 1.375 billion, which cannot be extended until 2029 at the earliest. We expect to use up to a maximum of DKK 700 million before starting to reduce the loan. Naviair is thus expected to have adequate liquidity in 2022, as according to projections it is expected that Naviair will need to draw a further DKK 50 million on its loan facility in 2022.

Careful management of Naviair's finances was an important focus area in 2021. Because of the COVID-19 crisis, in 2020 Naviair implemented a plan involving reductions in permanent payroll costs, investments and other costs. The plan included voluntary redundancies aimed at adjusting the number of employees to match current and forecast traffic levels in the coming years. We now predict a greater increase in traffic in the next few years than was assumed in the plan. Consequently, we are now working on initiatives that will enable us to meet the demand for the expected level of traffic. In our updated strategy "Rejsen 2025" (Journey 2025) we still focus on increasing efficiency still further. The key initiatives in the strategy are to reduce our purchase costs and make our operations even more efficient. We will also work on increasing employee satisfaction.

New business areas and collaboration with customers were also an important priority in 2021. Naviair is providing more services to Danish Defence, among others.

At the start of 2021, we opened a UTM platform for the entire drone sector in Denmark. The platform is part of an infrastructure that in the long term will allow drones to be flown beyond the operator's line of sight and enable more complex drone operations.

Highlights in 2021 (JAN-JUL)

January
Naviair's self-constructed UTM platform for use in connection with drone flights is rolled out with around 700 visitors per day.

Naviair signs a contract with Esbjerg Airport (AFIS Tyra) for the delivery of CNS services (Communications, Navigation and Surveillance). This means that Naviair is now the official CNS supplier for AFIS Tyra in the North Sea, managed from Esbjerg Airport.

Naviair signs a contract with Danish Defence for the operation and maintenance of the Danish Defence Terminal Manoeuvring Area radar at Aalborg Airbase.

The Remote Tower project is resumed after being put on hold in 2020.

February
Naviair's Briefing Department begins using a new system called CRONOS. CRONOS prepares flight plans before they are sent out to the entire world.

Aireon's satellite-based surveillance system is extended to cover parts of the North Atlantic, including the southern part of Greenlandic airspace.

March
A DKK 500 million state loan finally comes through, ensuring Naviair's liquidity.

April
Naviair signs a contract with CPH for the surveillance of operational IT systems.

Esbjerg radar to support Borealis Free Route Airspace over the North Sea is put into operation.

May
The former Surface Movement test radar at Naviair's head office becomes permanent.

The European Commission sets revised targets for cost efficiency, environment and capacity in the performance plans for reference period 3.

July
Naviair carries out a major update of the UTM platform. The update is an important step towards creating an infrastructure for drones in Denmark.

Highlights in 2021 (AUG-DEC)

September

The Danish Civil Aviation and Railway Authority submits the performance plan for reference period 3 (RP3) on the basis of the Commission's revised targets.

The Danish Civil Aviation and Railway Authority approves all Naviair's procedures for compliance with the requirements in EU 2017/373.
The validity of the ISO 27001 certificate (Information Security Management System), which Naviair received in 2020, is confirmed. The certificate's coverage includes the handling of cyber and information security.

The Danish government sets up a working group whose tasks will include analysing the Aviation Safety Service in Greenland and VFR, both of which are financed by government grants. The background for the analysis is that these areas will exceed the expected annual grant requirements for 2022-2025 with the current annual grant.

October

New seven-year traffic forecast from Eurocontrol predicts that air traffic in Europe will recover to 2019 levels in 2024. In the light of the new forecast, the European Commission asks Naviair for a revised performance plan.

The Danish Minister for Transport nominates Jørgen Martin Meyer to Naviair's Board of Directors, increasing the number of Board members to eight.

The Danish Working Environment Authority awards Naviair a green smiley following a number of routine inspections at Naviair's head office during which the company's and the working environment organisation's working environment efforts were assessed.

The sector timetable for air traffic is published under the auspices of the Danish government's climate partnership . The report includes the climate partnership's recommendations for how the aviation sector can support the government's target of a 70 per cent CO2 reduction by 2030. In 2022, the government will present its ideas for the green transition of aviation, partly in the light of the proposals in the report.

November

The Danish Civil Aviation and Railway Authority submits revised performance plan for reference period 3 to the European Commission.

Key figures and financial ratios

Naviair's financial performance since 1 January 2017 can be described using the key figures and financial ratios below:

	GROUP					PARENT COMPANY				
(Mio, DKK)	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Income statement										
Revenue	884.3	957.2	937.2	957.7	937.8	884.3	957.2	937.3	957.8	937.8
Operating profit (loss)	5.4	-12.0	39.6	93.2	89.2	5.5	-11.9	39.9	93.5	89.2
Net financials	-8.7	-41.0	1.5	-2.7	-9.6	-4.1	-63.1	-3.2	-3.0	-2.1
Profit (loss) for the year	**-2.2**	**-47.0**	**37.4**	**70.3**	**65.6**	**1.1**	**-70.5**	**31.5**	**67.8**	**67.4**
Balance sheet										
Fixed assets	1,298.3	1,329.3	1,399.1	1,387.4	1,357.5	1,142.5	1,174.8	1,271.5	1,266.5	1,243.0
Current assets	1,018.2	584.4	480.6	431.9	346.6	1,154.4	713.8	603.1	549.0	453.4
Balance sheet total	2,316.5	1,913.6	1,879.7	1,819.3	1,704.1	2,296.9	1,888.7	1,874.6	1,815.5	1,696.4
Interest-bearing debt	829.7	431.1	200.0	200.0	200.0	829.7	431.1	200.0	200.0	200.0
- of which subordinated loan capital	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Equity	1,082.8	1,085.5	1,134.6	1,101.8	1,032.0	1,060.3	1,059.1	1,129.6	1,098.1	1,030.2
Cash flows										
Cash flows from.										
- operating activities	-286.9	-301.0	140.5	157.9	223.3	-286.8	-297.0	147.3	163.6	223.2
- investing activities	-82.4	76.5	-162.3	-222.9	-143.2	-82.4	76.5	-162.3	-222.9	-124.0
- financing activities	398.8	175.0	-	-	-	398.8	175.0	-	-	-
The year's investments in property, plant & equipment	-60.1	-47.6	-73.5	-93.1	-92.9	-60.1	-47.6	-73.5	-93.1	-92.6
Net increase (decrease) in cash & cash equivalents	29.4	-49.4	-21.9	-65.0	80.1	29.5	-45.4	-15.0	-59.2	99.2
Cash and cash equivalents at 31 December	39.8	10.4	59.8	81.7	146.7	39.4	9.9	55.3	70.3	129.5
Average number of employees	613	627	630	631	625	613	627	630	631	625
Financial ratios (%)										
Operating margin	0.6	-1.3	4.2	9.7	9.5	0.6	-1.2	4.3	9.8	9.5
Return on capital employed	0.2	-0.6	2.1	5.1	5.2	0.2	-0.6	2.1	5.2	5.3
Solvency ratio excl, subordinated loan capital	46.7	56.7	60.4	60.6	60.6	46.2	56.1	60.3	60.5	60.7
Solvency ratio incl, subordinated loan capital	55.4	67.2	71.0	71.6	72.3	54.9	66.7	70.9	71.5	72.5
Return on equity	-0.2	-4.2	3.3	6.6	6.6	0.1	-6.4	2.8	6.4	6.8
Other financial ratios										
Gearing	5.2	2.3	-0.4	-0.4	-0.8	5.2	2.3	-0.4	-0.4	-0.7
Interest cover ratio	10.3	5.4	8.5	14.0	12.5	10.9	5.8	8.9	14.6	13.3

Key figures and financial ratios are defined and calculated in accordance with the guidelines of CFA Society Denmark.

Operating margin:

$$\frac{\text{Operating profit x 100}}{\text{Revenue}}$$

Return on capital employed:

$$\frac{\text{Operating profit x 100}}{\text{Total assets}}$$

Solvency ratio:

$$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$$

Return on equity:

$$\frac{\text{Profit for the year x 100}}{\text{Average equity}}$$

Gearing:

$$\frac{\text{Net interest-bearing debt (excl. subordinated loan capital)}}{\text{EBITDA (operating profit + depreciation, amortisation and impairment losses)}}$$

Interest cover ratio:

$$\frac{\text{EBITDA + Interest income}}{\text{Interest expense}}$$

Financial ratios are prepared in accordance with the recommendations and guidelines of CFA Society Denmark.

Operating and financial review

Naviair presents an annual report for both the group and the parent company. As a general rule, in the annual report we only comment on the group's accounting figures. The main difference between the group and the parent company is that investments in associates are recognised at cost in the parent company and using the equity method in the group.

Profit (loss) for the year

The result for the year was a loss of DKK 2.2 million compared to a loss of DKK 47.0 million in 2020.

The result for the year was impacted by a continued low level of traffic, which, coupled with lower unit rates, meant that income was at approximately the same level as in 2020. The result and income for the year benefited from adjustment of over-/under-recovery of charges of DKK 398.4 million.

The result is considered to be satisfactory compared with the original outlook.

Unit rates

The en route unit rate for Danish airspace was DKK 404 per service unit in 2021. Naviair's share of the unit rate was DKK 353 per service unit.

For departure and arrival charges for Copenhagen airports, the unit rate was DKK 975 per service unit. Naviair's share of the unit rate was DKK 969 per service unit.

Traffic

Air traffic in Danish airspace saw a severe decline from the start of the year until the summer due to the COVID-19 pandemic. Controlled operations in Danish airspace were 300,105 in 2021. Expressed in number of operations, traffic declined by 55.2 per cent compared to 2019, when controlled operations were 669,375.

Controlled operations in Danish airspace increased by 9.3 per cent in 2021, overall, from 274,508 in 2020 to 300,128, or equivalent to 44.8 per cent of 2019 (669,374). Expressed in service units, traffic increased by 9.5 per cent in 2021 compared to 2020.

Copenhagen Airport also saw a severe downturn in the number of departures and arrivals compared to 2019. In 2021, the number of operations was 109,870 compared to 98,204 in 2020, or equivalent to 41.7 per cent of 2019 (263,434). The number of service units in TNC Copenhagen increased by 13.4 per cent in 2021 compared to 2020.

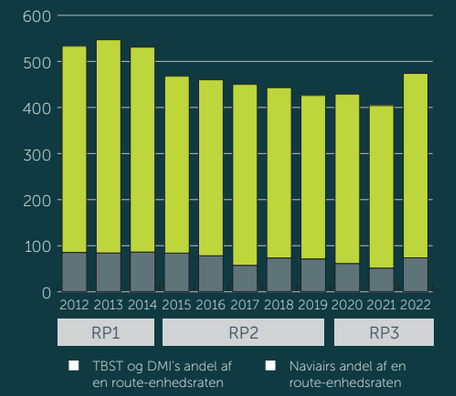
The number of departures and arrivals at Billund Airport in 2021 increased by 7.2 per cent to 20,456 operations compared to 19,087 in 2020, or equivalent to 44.4 per cent compared to 2019 (46,120).

Domestic air travel expressed in terms of number of operations was still below the 2019 level due to the COVID-19 pandemic, increasing by 11.0 per cent from 2020 to 2021, corresponding to 71.5 per cent of 2019.

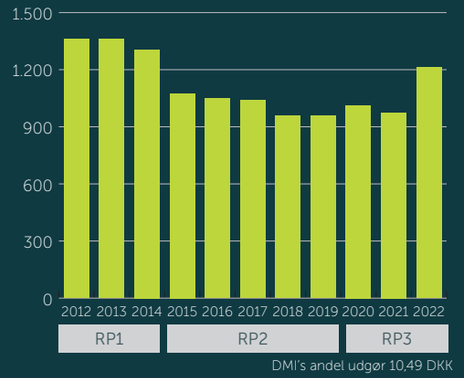
We maintained our usual, high efficiency in ATM in 2021, despite the COVID-19 pandemic. Naviair maintained its ATM with almost no delays for the tenth consecutive year, and our efficiency level is among the highest in Europe. The average en route delay in Danish airspace, for which Naviair is responsible, was 0.00 minutes per operation again in 2021. The maximum accepted average delay is 0.03 minutes per operation.

The high efficiency was also maintained at Copenhagen Airport, where, again in 2021, air traffic was managed without any delays for which Naviair was jointly responsible. Delays due to weather conditions and work activities on the runway totalled 0.02 minutes per arrival at Copenhagen Airport, where the maximum accepted average delay is 0.10 minutes per arrival.

Enhedsrate, En route (DKK)



Enhedsrate, TNC København (DKK)

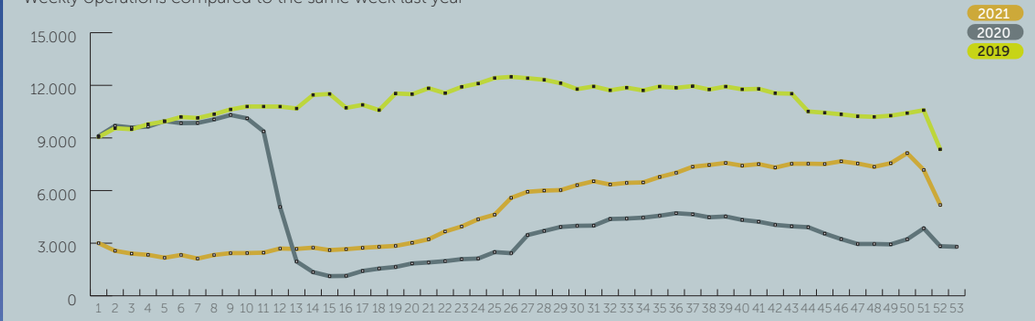


1,519

The busiest day in Danish airspace in 2021 was 17 December (with 1,519 operations).

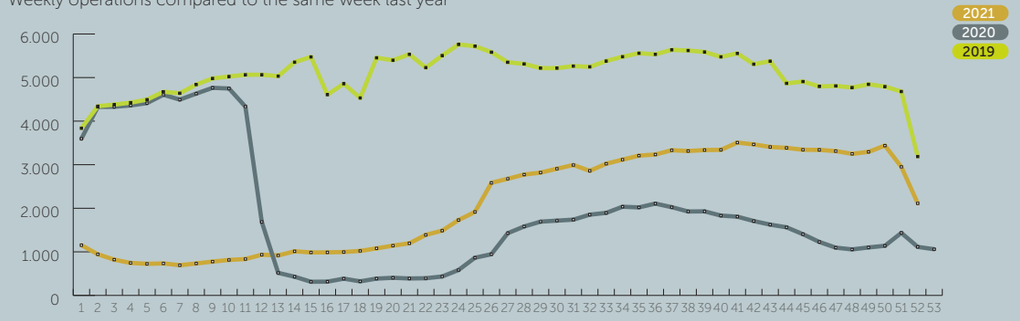
En route (ACC) - Operations controlled by ATCC

Weekly operations compared to the same week last year



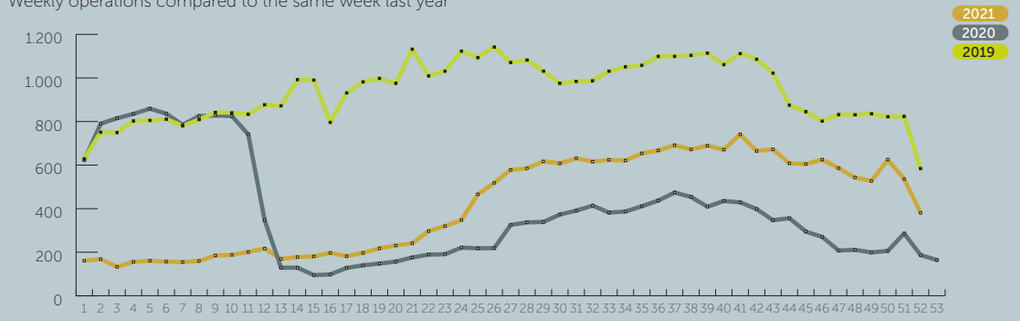
Copenhagen, Kastrup – Operations controlled by tower in Copenhagen

Weekly operations compared to the same week last year



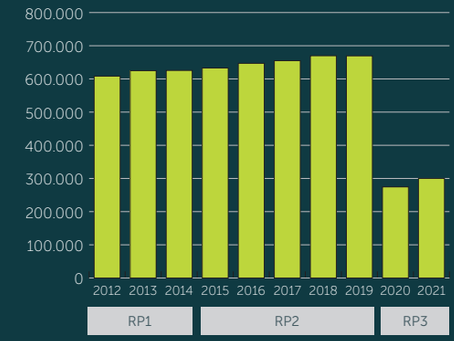
Billund – Operations controlled by tower in Billund

Weekly operations compared to the same week last year



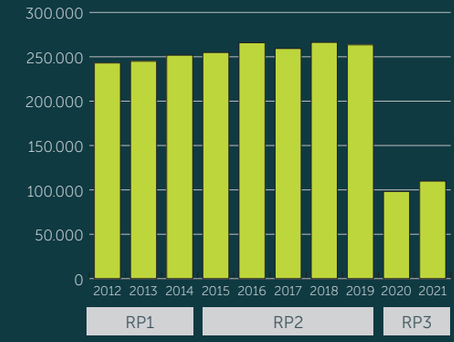
Operations, En route

En route operations, Danish airspace



Operations, TNC Copenhagen

Departures and arrivals, Copenhagen Airport



Operating income from ordinary activities

Revenue, consisting of income from our areas of activity, was DKK 884.3 million in 2021 compared to DKK 957.2 million in 2020. The biggest component of revenue was adjustment of over-/under-recovery of charges of DKK 398.4 million as a result of the COVID-19 pandemic and the resulting low level of traffic. In 2020, this item amounted to DKK 474.0 million, also in this case as a result of a low level of traffic.

As the rules stand, under-recovery was recognised as income in 2021, even though Naviair can only begin to collect some of the DKK 398.4 million from airlines in the form of higher unit rates from 2023, for a period of seven years.

Other external expenses

Other external expenses amounted to DKK 204.0 million compared to DKK 214.8 million in 2020.

Staff costs

Staff costs were DKK 593.6 million in 2021 compared to DKK 667.6 million in 2020. Total staff costs thus decreased by DKK 74.0 million, primarily reflecting provisions for voluntary redundancies in 2020.

The number of employees averaged 613 in 2021, compared to 627 in 2020. At the end of 2021, Naviair had 598 employees.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses were DKK 107.6 million in 2021 compared to DKK 106.1 million in 2020. Investments in intangible assets and property, plant and equipment were DKK 82.4 million in 2021, DKK 9.4 million more than in 2020.

Balance sheet

Naviair's balance sheet total stood at DKK 2,316.5 million at 31 December 2021 compared to DKK 1,913.6 million at 31 December 2020. The increase mainly reflected an increase in under-recoveries of DKK 398.4 million in total.

The continued low level of air traffic in 2021 led to correspondingly low realised income. Under the agreement on exceptional measures adopted by the Appeal Committee, our actual costs will be covered subject to certain specified conditions. In light of this, in our opinion we will be entitled to collect a part of our actual costs in 2021 from the airlines through increased unit rates over a seven-year period from and including 2023. Naviair's over/under-recovery of charges is adjusted annually.

Naviair's equity at 31 December 2021 stood at DKK 1,082.8 million, made up of contributed capital of DKK 600 million, retained earnings of DKK 455.0 million and a reserve for net revaluation according to the equity method of DKK 27.8 million.

At 31 December 2021, there was an outstanding debt of DKK 200 million on the subordinated loan that Naviair was granted at the time of its establishment as a company owned by the Danish state in 2010. The subordinated loan was provided on terms that mean that the loan can be accounted for as equity or capital ranking as equity at any time.

Cash flows from operations for the year were an outflow of DKK 286.9 million. There was a DKK 29.4 million increase in cash. The loan facility of DKK 1.4 billion in total will ensure sufficient liquidity to maintain operations in 2022.

The solvency ratio including subordinated loan capital was 55.4 per cent.

The parent company's profit by cost base

The two largest cost bases, En route – Denmark and TNC Copenhagen, are regulated by European Commission Regulation No 2019/317 of 11 February 2019 on the establishment of a performance and charging scheme for the joint European air space.

Under this regulation, Naviair is under obligation to break down its income and costs by cost base. Costs are broken down by direct allocation to cost bases, partly through time recording on tasks or using sharing keys.

COST BASE STATEMENT 2021 (DKK '000)	En route Denmark	En route Domestic Greenland	En route North Atlantic	TNC Copenhagen	Other	Total
Revenue incl. adjustment of over-/under-recoveries	**570,518**	**16,351**	**33,167**	**176,928**	**87,304**	**884,268**
Other external expenses	-118,210	-16,732	-20,383	-33,802	-14,778	-203,905
Staff costs less work performed for own account and capitalised	-371,560	-9,744	-8,912	-117,405	-59,614	-567,235
EBITDA	**80,748**	**-10,125**	**3,872**	**25,721**	**12,912**	**113,128**
Depreciation, amortisation and impairment losses	-83,157	-1,898	-5,602	-15,051	-1,875	-107,583
EBIT	**-2,409**	**-12,023**	**-1,730**	**10,670**	**11,037**	**5,545**
Net financials	-3,201	-58	-130	-559	-118	-4,066
Profit (loss) before tax	**-5,610**	**-12,081**	**-1,860**	**10,111**	**10,919**	**1,479**

Performance requirements

Naviair has been subject to the European performance scheme since 2012. The performance scheme is the result of the Single European Sky legislation through which the EU aims to ensure both more efficient utilisation of European airspace and sufficient airspace capacity to accommodate the growing level of air traffic. Another objective is to cut CO2 emissions and the costs of air navigation services.

The performance scheme is legally binding on EU Member States. Denmark – and thus Naviair – is measured on its performance. ANSPs that do not satisfy the performance requirements may be subject to corrective action in the form of the imposition of future rate reductions.

In 2020, the European performance scheme entered its third reference period (RP3), which runs through to the end of 2024. The performance plan for RP3 was expected to be approved by the EU Commission in the course of 2020. However, the process has been deferred because of the COVID-19 pandemic. In 2020, the Commission negotiated with the Member States on exceptional measures to handle the performance scheme.

The COVID-19 pandemic has removed all previous assumptions underlying RP3. In May 2021, the Commission set revised targets for cost efficiency, environment and capacity. The Member States submitted new performance plans in autumn 2021 for the period up to 2024.

As the performance plan for RP3 has yet to be approved by the European Commission, the valuation of recognised under-recoveries and the rules for future collection of these may change. Naviair views this risk as a process risk and expects the performance plan for RP3 to be approved without any major changes in spring 2022.

Although the plan has yet to be approved, the fact remains that it is based on the assumption that we will maintain our existing high safety level. At the same time, the Capacity target lays down a maximum delay level that Naviair can impose on individual flights. The maximum average delay level was set at 0.03 minutes per en route flight in 2021 and 0.10 minutes per landed flight at Copenhagen Airport. The level is considerably lower than the European average, and the values are lower than normal due to fewer flights as a result of COVID-19.

The Environment target is set on the basis of how far out of its way an aircraft flies in relation to the direct route. As Free Route Airspace was implemented in Danish airspace back in 2011, Naviair manages air traffic so that 98.9 per cent of all flights take the most direct route with no detours. The potential for improvement is therefore very limited and the target for the period is to maintain the high level of direct flights. Among the 41 member countries of Eurocontrol, Denmark already delivers – through Naviair's ATM – the second-best performance for Environment measurement.

Customers

At Naviair, we maintain an ongoing dialogue with our customers and familiarise ourselves with their needs and expectations so that we can offer the best possible service. We hold customer meetings with airports, airlines and Danish Defence, partly in order to ensure satisfaction with the operational cooperation and our service.

In 2019, we began work on setting up a new customer programme in order to strengthen our strategic work with regard to customers. This work was put on hold in 2020 because of the COVID-19 crisis and will be resumed in 2022.

In 2021, our five largest en route customers were:
- SAS
- KLM
- Ryanair
- Turkish Airlines Thy
- Lufthansa

In 2021, our five largest aerodrome control service customers at Copenhagen Airport were:
- SAS
- Norwegian
- Eat Leipzig GMBH
- Danish Air Transport
- Emirates Intl.

From Copenhagen, we provide Aeronautical Information Service (AIS) comprising Aeronautical Information Publications (AIPs) for Denmark, Greenland and the Faroe Islands. We publish AIPs for all three areas as well as a Visual Flight Guide (VFG) for Denmark.
We also publish Aeronautical Information Circulars (AICs), Supplements and Notices To Airmen (NOTAMs). Approximately 1,400 customers subscribed to the newsletter about our publications in 2021.

Most used types of aircraft in Danish airspace in 2021

- B738 (Boeing 737-800)
- A20N (Airbus A320neo)
- A320 (Airbus A320)
- A77W (Boeing 777-300ER)
- A319 (Airbus 319)
- Other

Drones

Naviair's designation includes drone traffic in Danish airspace. The need to focus on this area continues to increase in step with the huge growth in the number of commercial drones, both in Denmark and worldwide. In Denmark alone, there were more than 20,000 registered drones at the start of 2021, and approximately 30,000 registered drone users. The number is expected to be many times greater by 2025, as the annual increase in the numbers of both drones and drone users has been around 40 per cent in recent years. Drone services requiring ever more complex operations are increasingly in demand from the healthcare sector, business, agriculture and the authorities. There is therefore a need to quickly establish a traffic management platform that will enable complex operations, flying drones beyond the drone operator's visual line of sight, and safe, efficient drone traffic integrated with conventional air traffic.

In 2019, Naviair therefore set up a Drone Department which, in close partnership with the other players in the industry, is responsible for establishing a sophisticated Danish UTM platform (Unmanned aircraft system Traffic Management). In 2020, on the initiative of Naviair among others, a drone test collaboration called U-space Fyn was set up in connection with the first drone testing areas around H.C. Andersen Airport. The U-space Fyn cooperation comprises players from all areas within the drone industry – including University of Southern Denmark, Dronetestcenter Fyn, the Danish Civil Aviation and Railway Authority, and industry representatives.

The first test version of the UTM platform was inaugurated by the Danish Minister for Transport in October 2020 in U-space Fyn. The platform went into operation on 30 December 2020 and now has around 700 visitors a day. In July 2021, it became possible to plan drone operations on the platform, which was the first step towards the digitisation of the present manual approval flow via the Danish Civil Aviation and Railway Authority. In 2022, in certain areas the platform will be able to provide technical support for flying drones beyond the operator's line of sight. However, a major extension of this system is subject, among other things, to the support of the telecommunications companies in order to establish data connection between the flying drones and the UTM platform. Naviair is therefore an important player in the 5G project GENIUS, which is supported by Innovation Fund Denmark and aims to design a 5G network to support drones in Denmark. Generally speaking, the UTM platform will be extended over the coming many years, so that it will be capable of handling increasingly complex drone operations in close collaboration with the other air traffic in the lower airspace.

The introductory phase of the UTM platform up to and including 2022 is financed by a DKK 25 million grant from the Danish state.

International partnerships and alliances

In the nature of things, aviation and ATM require good collaboration across national borders. Good international cooperation is a prerequisite for being able to find the best solutions and fulfilling our responsibility to ensure optimum mobility in and access to Danish airspace. We therefore give high priority to our international relationships and participate in a number of international alliances.

These international alliances enable us to influence international development in our part of the aviation industry and help to promote efficiency, harmonisation and development in all areas of ATM.

Together with our partners we lead European efforts in a number of fields to ensure international progress in the operational, technical and training areas. These efforts underpin our goal of always being among the best-performing ANSPs and meeting the requirements of the EU Single European Sky programme.

COOPANS

COOPANS is an international partnership consisting of Naviair, the Irish Aviation Authority, LFV, Austro Control, Croatia Control and NAV Portugal. The COOPANS partners are the first to work on jointly standardising and harmonising the technical equipment used for ATM, and ATM systems in their control centres have been fully harmonised since 2015. NAV Portugal, the newest member of COOPANS, expects to become operational with a COOPANS ATM system in the course of 2022. This is a unique development in European ATM, where the ANSPs in the other countries are still running their ATCCs with individual, technically very diverse systems.

We estimate that we cut our system development costs considerably compared with the costs each partner would incur if we had to develop the technology independently. To this should be added our considerable savings in operating expenses as a result of joint work concepts and exchange of experience.

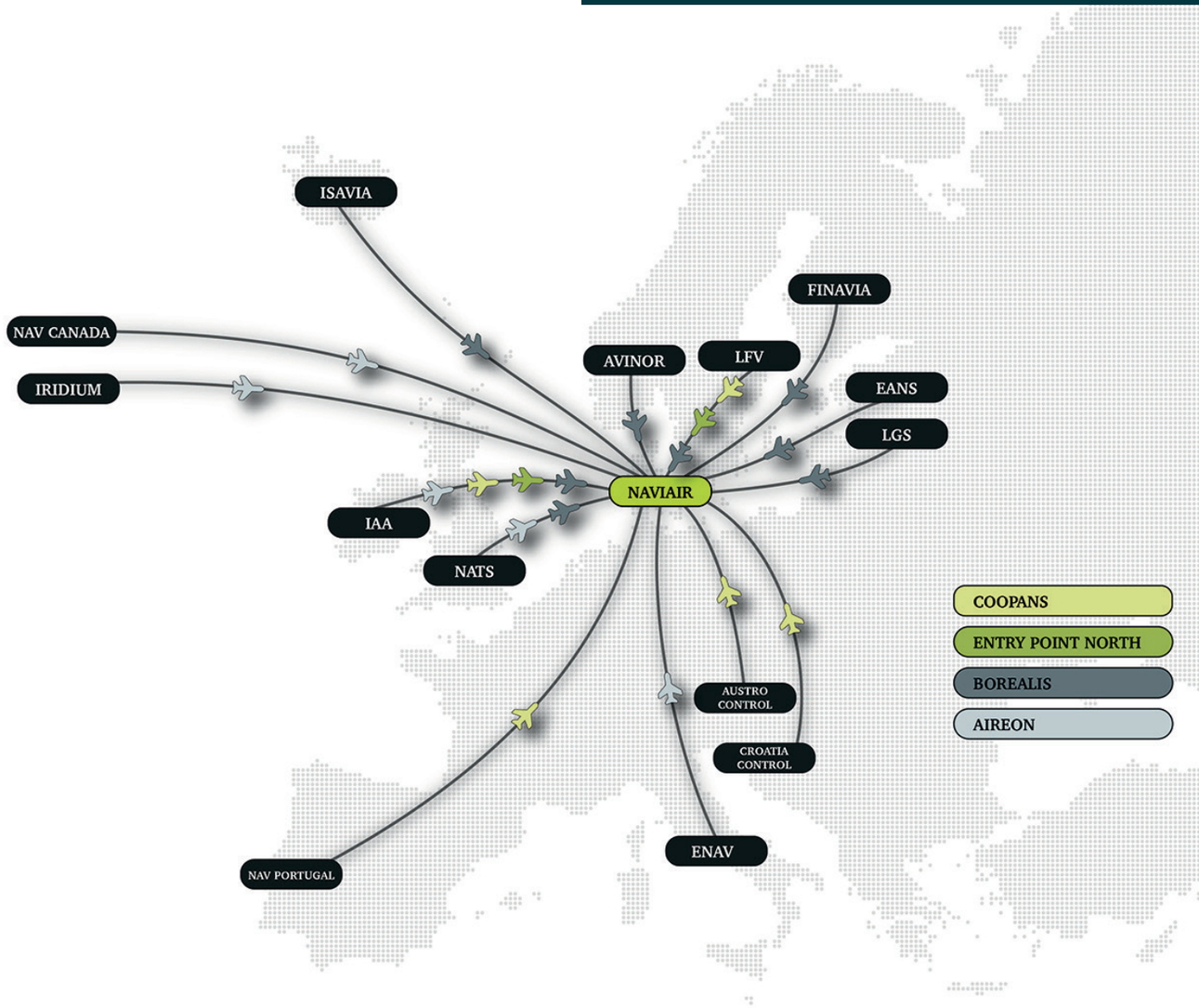
The COOPANS cooperation includes a common approach to and participation in SESAR. SESAR is the EU research and development programme. Its objective is to modernise European ATM. SESAR is based on the Single European Sky regulations, which form the legal basis for the Single European Sky ATM Research programme (SESAR). This means that SESAR is the technological approach to testing and finding solutions that can achieve the SES targets. The programme is managed by SESAR Joint Undertaking and has been running since the approval of the first version of the European ATM Master Plan in 2009.

The COOPANS collaboration is large enough and has sufficient resources to be able to establish a common approach and help members to update to meet the latest requirements and coming conditions – and to influence our European environment.

A6 Alliance

The A6 Alliance is a coalition of the largest ANSPs in Europe. COOPANS is a member of the alliance.

The A6 Alliance works with SESAR and is a part of both SESAR Joint Undertaking, which works on the development of new systems and procedures for modernising the European ATM system, and SESAR Deployment Manager, which works on the implementation of the new systems and procedures in Europe. Through COOPANS, Naviair participates in the A6 collaboration in order to ensure we have influence at European level. COOPANS as a whole is the same size as the biggest ATM companies in Europe and therefore has the same weight when topics are under discussion. Without the A6 collaboration the power we could wield in our dealings with the



aviation industry and other players in SESAR would have been limited.

The members of A6 are responsible for more than 80 per cent of European airspace and more than 70 per cent of investments in the future European ATM infrastructure.

Aireon

Aireon is a US LLC. Its business strategy is based on the sale of satellite-based air traffic surveillance data, mainly to ANSPs but also to others, including airlines and flight handling companies.

The extremely precise surveillance data mean that use of the airspace over oceans and remote areas can be optimised and that air traffic can be managed far more efficiently than before. This, in turn, will mean considerable fuel savings for airlines, resulting in significant environmental benefits in the form of reduced emissions from aircraft and increased airspace capacity. In addition, the Aireon system will contribute to improvements in the safety area, as, in the future, aircraft will be far less likely to vanish without a trace.

Naviair is one of the partners in Aireon, with a 4.4 per cent ownership interest. The other investors are the US telecommunications company Iridium Communications Inc. (35.8%) and the ANSPs NAV Canada (37.2%), Italian ENAV (9.1%), the Irish Aviation Authority (4.4%) and UK NATS (9.1%).

Cooperation about the joint Danish-Swedish airspace

Since 2009, we have been working intensively with Swedish LFV on en route traffic in the joint Danish-Swedish airspace. Cooperation is coordinated between the management teams of LFV and Naviair, based on an objective of continued optimisation of the operation of the joint Danish-Swedish airspace. The benefits of this cooperation include considerable savings resulting from taking out joint insurance.

Borealis

Together with LFV, we introduced Free Route Airspace (FRA) already in 2011, enabling airlines to freely plan their flights through the Danish-Swedish airspace.

Through our membership of Borealis, we are working together with eight ANSPs in Northern Europe to extend FRA across Northern Europe. FRA makes it easier for airlines to optimise their flight paths by planning the shortest, most fuel-efficient flight times.

As well as FRA, Borealis focuses on other environmental measures that will benefit aviation and society as a whole. In addition to operationally focused projects, Borealis can also start up smaller projects of interest to two or more parties and these are currently centred on the implementation of the new joint European rules for cybersecurity and the use of drones in the airspace.

Entry Point North

Since its establishment in 2006, the Air Traffic Service academy Entry Point North has developed into one of the most successful academies offering ATM training and courses.

Entry Point North is jointly owned by Naviair, the Irish Aviation Authority and LFV. The academy provides tailored training courses to ANSPs in more than 20 countries.

CSR report

The statutory corporate social responsibility report and the report on the gender composition of governance bodies, in accordance with sections 99(a) and (b) of the Danish Financial Statements Act, are included in Naviair's separate Sustainability Report 2021.

In the Sustainability Report, we report on how we worked on our non-financial business goals in 2021, and how we performed during the year. For an in-depth, quantified description of our performance in 2021, reference is therefore made to the Sustainability Report. For further information, see www.naviair.dk/ar.

Naviair has chosen not to have a data ethics policy for the time being. This is because the majority of the data we use is operational and subject to detailed EU requirements that help to ensure ethically correct data handling. Other data, including personal data primarily relating to internal employees, is handled in accordance with the data protection rules and operationalised by internal guidelines.

Corporate governance

The framework for Naviair's activities is set out in the Danish Act on Naviair. With our status as a company owned by the state, Naviair is ultimately subject to the authority of the Danish state represented by the Danish Ministry of Transport, within the framework established by law.

We plan our corporate governance so that it is adapted both to legislation and the nature of our company. Naviair is also subject to the Danish Companies Act, the Financial Statements Act and other legislation with the relevant adjustments applicable to Naviair. Naviair is also governed by the Danish Access to Public Administrative Documents Act and the Public Administration Act.

We comply with the Danish state's recommendations on corporate governance, where relevant for a company with our activities. The recommendations comprise guidelines on the management of state-owned enterprises, including requirements, expectations and recommendations on corporate governance. A compilation of the recommendations can be found on the website of the Danish Ministry of Finance, www.fm.dk.

In addition, of the recommendations of the Committee on Corporate Governance described at www.corporatgovernance.dk, we comply with those that are relevant to Naviair given Naviair's special corporate form.

In 2020, Naviair put a whistleblowing system in place. This was done in compliance with a government decision and in collaboration with an external law firm which currently screens all reports made to the whistleblowing system. Naviair's whistleblowing scheme enables all employees, suppliers and customers to raise concerns about breaches or suspected breaches of legislation or Naviair's internal regulations.

In 2021, five reports were received, all of which were screened. Three of the reports were considered to fall within the framework of the scheme. These three reports were handled and cleared up by Kammeradvokaten (the Legal Adviser to the Danish Government), and Naviair subsequently followed up on Kammeradvokaten's recommendations.

The Board of Directors takes care of Naviair's overall and strategic management and supervises the Executive Board.

The general duties and responsibilities of the Board of Directors are set out in rules of procedure for the Board of Directors.
The Executive Board is responsible for the day-to-day management of Naviair and must therefore comply with the guidelines and instructions provided by the Board of Directors.

The Board of Directors has eight members, five of whom have been appointed by the Danish Minister for Transport – including three women and two men. The other three members – three men – have been elected by the employees. The members of the Board of Directors collectively possess general business and leadership skills as well as insight into aviation and society in general. An annual self-assessment procedure has been established for the Board of Directors. The Board's latest self-evaluation was in December 2021.

The Board of Directors meets at least once a quarter, in accordance with Naviair's Articles of Association. The Board held eight meetings in the past year.

The chairmanship of the Board of Directors meets with the Danish Minister for Transport every quarter and at these meetings gives an extensive, detailed report on the company's strategic situation, follow-up on the company's operating results, etc.

Accounting and control systems are designed to ensure that internal and external financial reporting give a true and fair view without material misstatement and that appropriate accounting policies are defined and applied.

The Board of Directors and the Executive Board regularly review material risks and internal controls related to Naviair's activities and their potential impact on the financial reporting process.

The responsibility for maintaining adequate and effective internal controls and risk management in connection with the financial reporting lies with the Executive Board. The Executive Board monitors the financial position, partly via monthly reporting. Furthermore, the Executive Board reports on the company's financial position to the Board of Directors ahead of each meeting of the Board of Directors. Procedures, accounting instructions etc. are described in Naviair's Financial Reporting Manual.

The Board of Directors monitors the financial reporting process, including that applicable laws are being complied with and that the accounting policies are relevant. The Board has an Internal Audit Committee with two members.

Special risks

We regularly assess the risks to which our company may be exposed. In order for a risk to be classified as high, it must both be probable that the area will be affected and the risk must have serious consequences if it materialises.

Air traffic

The COVID-19 crisis caused a considerable drop in air traffic, which has had a negative impact on the sector for the past couple of years. However, we saw an improvement in 2021, and Eurocontrol's new traffic forecast from October 2021 raised expectations that traffic in 2022 would grow to 83 per cent of the 2019 level and that it would recover in full to the pre-COVID 19 level by 2024. However, this forecast is subject to considerable uncertainty, as growth may be affected by a number of factors. There is a risk that new COVID outbreaks and the consequent lockdowns and travel restrictions will have a negative impact on air traffic in 2022. COVID-19 has also changed travellers' habits; for example, we are seeing fewer business travellers in Scandinavia than previously.

The Russian invasion of Ukraine began just as we were finishing work on this annual report. The conflict and the ensuing restrictions and general effects are expected to result in a considerable fall in the number of operations in Danish airspace. Developments are being closely monitored and may have a negative effect on Naviair's earnings base, depending on how long the restrictions and the conflict last.

A fall in traffic represents a high financial risk for Naviair, as our main earnings are directly related to the amount of en route traffic in Danish airspace and traffic to and from the airports we serve. A lower level of traffic in 2022 than predicted in the Eurocontrol forecast may cause Naviair to suffer a financial loss of up to a maximum of around DKK 35 million in 2022 and each of the following years up to and including 2024. A sharp fall in traffic could also adversely impact our liquidity. In addition, a negative trend might entail the risk of a reduction in the sector's ability to pay.

Operational

A less predictable change in air traffic and different patterns of travel constitute a risk for Naviair. Our financial flexibility is limited, as we have a relatively high proportion of fixed costs tied up in the form of specialist staff and specially developed systems. It is therefore difficult to adapt our operational capacity to sharp rises in air traffic. Based on the Eurocontrol traffic forecast of May 2021, we made an adjustment in 2021 to an expected traffic level in 2022 of 70 per cent of the 2019 level. If traffic in 2022 increases in accordance with the latest forecast to 83 per cent of the 2019 level with a traffic pattern that is predicted to be far more varied, Naviair will be less operationally robust in 2022.

Cyber security

Naviair is subject to the circular on critical infrastructure, and we are working systematically to reduce and minimise the risk of cyber attacks.

In 2020, Naviair became ISO 27001-certified to handle cyber and information security. The validity of the certification was reconfirmed in connection with the annual follow-up audit in September 2021.

Naviair has set up a Cyber and Information Security Committee that continuously monitors the threat landscape and puts the spotlight on cyber security.

Technical systems

Naviair provides ATM using technical systems. We have protected ourselves, as far as possible, against the risk of technical failures by establishing sound back-up systems in all areas.

Insurance

Naviair has an insurance programme under which we have insured insurable risks so that any claims and actions giving rise to liability will not constitute a financial risk to our company. Besides statutory insurance, we have taken out insurance against consequential loss, product liability and special aviation liability.

Outlook for 2022

With the current traffic forecast of 83 per cent of the 2019 level, we expect a result around breakeven for 2022 and an undrawn credit facility of around DKK 700 million at the end of the year.

This expectation is based on the performance plan for the period up to and including 2024, which we submitted in autumn 2021, being approved by the European Commission in May 2022.

TOP 3 CPH

The three largest destinations out of Copenhagen in 2021

4,705 departures to Aalborg

2,825 departures to Oslo

2,501 departures to Stockholm

Naviair's management

Board of Directors

Anne Birgitte Lundholt (Chairman)
CEO, ABL ApS. Chairman of the Board of Directors of Lundgreen's Capital ApS. Member of the Board of Directors of Svaneke Bryghus A/S

Per Møller Jensen (Deputy Chairman)
CEO, Stjernegaard Rejser A/S

Esben Jean-Pierre Blum
Senior ATCO
Elected by the employees

Flemming Kim Hansen
Senior Engineer, ATM Support Systems
Elected by the employees

Peter Labusz
ATCO
Elected by the employees

Jørgen Martin Meyer
Lawyer, former Commissioner of South Jutland Police.
Member of the Board of Dronning Louise Stiftelsen

Birthe Høegh Rask
Chief Specialist, Performance Management, Terma A/S.
Member of the Board of Andelsforeningen Antico Frantoio d'Oro
Chairman of the Board of Directors' Audit Committee

Christina Rasmussen
Member of the Board of Directors' Audit Committee

Executive Board

Carsten Fich
CEO

Mads Kvist Eriksen
CFO

Other senior executives

Thorsten Elkjær
COO

Morten Søndergaard
CTO

Pernille Juel Sefort
CHRO

Statement by the Executive Board & the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the annual report of Naviair for the financial year 1 January – 31 December 2021.

The annual report is presented in accordance with the Danish Financial Statements Act (reporting class D) and the Danish Act on Naviair.

We consider the accounting policies applied to be appropriate and, in our opinion, the financial statements give a true and fair view of the company's financial position and of the results of the company's operations and cash flows.

In our opinion, the Management's review gives a fair review of the development in the company's and the group's operations and financial matters, the results for the year, the company's financial position, the financial position as a whole of the entities included in the consolidated financial statements as well as a description of the significant risks and uncertainty factors pertaining to the company and the group.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 3 March 2022

On the Executive Board

Carsten Fich, CEO

Mads Kvist Eriksen, CFO

On the Board of Directors

Anne Birgitte Lundholt, Chairman

Per Møller Jensen, Deputy Chairman

Esben Jean-Pierre Blum *

Flemming Kim Hansen *

Peter Labusz *

Jørgen Martin Meyer

Birthe Høegh Rask **

Christina Rasmussen ***

**) Elected by the employees*
***) Chairman of the Board of Directors' Audit Committee*
****) Member of the Board of Directors' Audit Committee*

Independent auditors' report

To the Danish Minister for Transport and the Board of Directors of Naviair

Report on the consolidated financial statements and the parent company financial statements

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Naviair, a company owned by the Danish state, for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The consolidated financial statements and the parent company financial statements are presented in accordance with the Danish Financial Statements Act and the Danish Act on Naviair.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and Naviair's financial position at 31 December 2021 and of the results of the group's and Naviair's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act and the Danish Act on Naviair.

Basis of opinion

We have conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark as well as good public auditing practice as the audit is performed on the basis of the provisions of the Danish Act on Naviair. Our responsibilities under these standards and requirements are described in detail in the "Auditor's responsibility for the audit of the consolidated financial statements and parent company financial statements" section of the auditors' report.

The Auditor General is independent of Naviair pursuant to Section 1(6) of the Danish Auditor General Act and the approved auditor is independent of Naviair pursuant to international ethics standards for accountants (IESBA code of ethics) and the additional requirements applicable in Denmark. We have fulfilled our other ethical responsibilities in accordance with these provisions and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation and fair presentation of consolidated financial statements and parent company financial statements in accordance with the Danish Financial Statements Act and the Danish Act on Naviair. Management is also responsible for the internal control that management deems necessary for the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing Naviair's ability to continue as a going concern; for disclosing, as applicable, matters related to going concern; and for preparing consolidated financial statements and parent company financial statements on a going concern basis, unless Management either intends to liquidate Naviair or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark as well as good public auditing practice, see the Danish Act on Naviair, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users of accounting information taken on the basis of these financial statements.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark as well as good public auditing practice, see the Danish Act on Naviair, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Naviair's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Naviair's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Naviair to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not include the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements and the parent company financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the provisions of the Danish Financial Statements Act.

Based on the work performed, it is our opinion that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Report on other legal and regulatory requirements

Statement on compliance audit and performance audit

Management is responsible for ensuring that the transactions comprised by the financial reporting comply with appropriations granted, legislation and other regulations as well as agreements concluded and normal practice; and that sound financial considerations have been applied in the management of the funds and the operation of the enterprises comprised by the financial statements. In that connection, Management is responsible for establishing systems and processes that support cost-effectiveness, productivity and efficiency.

In connection with our audit of the financial statements, it is our responsibility, in accordance with good public auditing practice, to select relevant subject matter for the compliance audit and the performance audit.

In a compliance audit, we test the selected subject matter to obtain reasonable assurance as to whether the transactions comprised by the financial reporting comply with appropriations granted, legislation and other regulations as well as agreements concluded and normal practice. In a performance audit, we make an assessment to obtain reasonable assurance as to whether the systems, processes or transactions examined support sound financial considerations in the management of the funds and the operation of the enterprises comprised by the financial statements.

If, based on the work performed, we conclude that material critical comments should be made, we are required to report this.

We have no material critical comments to report in this connection.

København, 3 March 2022

PricewaterhouseCoopers

CVR-nr.: 33771231

Jesper Møller Langvad
State Authorised Public Accountant
MNE: mne21328

Jesper Randall Petersen
State Authorised Public Accountant
MNE: mne34352

Rigsrevisionen

CVR-nr.: 77806113

Lone Lærke Strøm
Auditor General

Malene Sau Lan Leung
Director

Accounting policies

The 2021 annual report of Naviair, a company owned by the Danish state, is presented in accordance with the provisions of the Danish Financial Statements Act for reporting class D and the Danish Act on Naviair.

The accounting policies are unchanged from those used in the previous financial year.

Unless otherwise stated below, the accounting policies for the parent company and the group are identical.

Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company as a result of a past event and the asset has a value that can be measured reliably.

Liabilities are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, the settlement of which is expected to result in an outflow from the company of resources embodying future economic benefits and the liability has a value that can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequent to initial measurement, assets and liabilities are recognised as described for each item below.

On recognition and measurement, account is taken of foreseeable risks and losses arising before the time at which the annual report is presented that confirm or disprove circumstances existing at the balance sheet date.

Income is recognised in the income statement as earned, and expenses are recognised at the amounts that relate to the financial year.

Foreign currency translation

The measurement currency used is Danish kroner (DKK). All other currencies are accounted for as foreign currencies.

On initial recognition, transactions in foreign currencies are translated at the exchange rate at the transaction date. Receivables, liabilities other than provisions and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Any differences arising between the exchange rate at the transaction date and the exchange rates at the payment and balance sheet dates respectively are recognised in the income statement as net financials. Items of property, plant and equipment and intangible assets, inventories and other non-monetary assets purchased in foreign currencies are translated using historical rates.

Consolidated financial statements

The consolidated financial statements comprise the parent company and the subsidiary (Naviair Surveillance A/S), which is controlled by the parent company. The parent company is considered to control an enterprise when it holds, directly or indirectly, more than 50 per cent of the voting rights or is able to control or actually controls the enterprise in some other way. Enterprises in which the group holds, directly or indirectly, between 20 and 50 per cent of the voting rights and over which it has significant influence, but not control, are accounted for as associates, including Entry Point North AB.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and its subsidiaries. On preparation of the consolidated financial statements, identical items are aggregated, and intragroup income and expenses, balances and dividends are eliminated. Gains and losses arising from transactions between the consolidated enterprises are also eliminated. The financial statements used in the preparation of the consolidated financial statements are prepared in accordance with the group's accounting policies.

Subsidiaries' items are fully consolidated in the consolidated financial statements.

Income statement

Revenue

Revenue related to air traffic control is recognised in the income statement in the period in which the flights have taken place. Other income is recognised when delivery to the buyer has been made. Income related to the award of government grants for operating projects is recognised in the income statement as the associated costs are recognised.

The adjustment for the year of over-/under-recoveries from en route and terminal activities is recognised as revenue.

Regulatory over-/under-recoveries are recognised in the balance sheet as provisions or receivables, respectively

Revenue is recognised net of VAT, duties and trade discounts and is measured at the fair value of the agreed consideration.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises staff costs and other internal expenses incurred during the financial year and recognised in the cost of self-constructed intangible assets and property, plant and equipment.

TOP 3 AAL

The three largest destinations out of Aalborg in 2021

4,701 departures to Copenhagen

550 departures to Amsterdam

163 departures to Oslo

TOP 3 ROUTES

The three busiest routes in 2021

9,406 flights Aalborg - Copenhagen*

5,608 flights Oslo - Copenhagen *

4,995 flights Stockholm - Copenhagen *

** the figure includes flights in both directions*

Other operating income
Other operating income comprises income of a secondary nature in relation to Naviair's core activity.

Other external expenses
Other external expenses comprise expenses related to the company's core activities, including expenses for operation of operational systems and equipment, training and education, administration, premises, bad debts etc. Expenses related to projects that do not meet the criteria for recognition in the balance sheet are also recognised as other external expenses.

Staff costs
Staff costs comprise wages and salaries, pensions and other social security costs etc. for the company's employees

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets consist of depreciation, amortisation and impairment losses for the year determined on the basis of the set residual values and useful lives of the individual assets and impairment tests carried out, respectively. Government grants for depreciable capital expenditure projects are recognised as the relevant assets are depreciated.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature in relation to Naviair's core activity.

Income from investments in associates
Parent company
Income from investments in associates comprises dividends and similar received from the individual associates during the financial year.

Group
Income from investments in associates comprises the proportionate share of the individual associates' profits/losses after elimination of intragroup profits and losses.

Other financial income
Finansielle indtægter omfatter renteindtægter, realiserede og urealiserede kursgevinster vedrørende værdipapirer, gældsforpligtelser og transaktioner i fremmed valuta mv. samt godtgørelser under acontoskatteordningen.

Andre finansielle omkostninger
Financial income comprises interest income; realised and unrealised foreign exchange gains on securities, liabilities other than provisions and transactions denominated in foreign currencies etc. as well as repayments under the Danish on-account tax scheme.

Income tax
Income tax expense, consisting of current tax for the year and changes in deferred tax, is recognised in the income statement with the portion attributable to profit for the year, and directly in equity with the portion attributable to entries directly to equity.

The company is taxed jointly with its Danish subsidiary. Current Danish income tax is allocated among the jointly taxed enterprises in proportion to their taxable income (full allocation with reimbursement in respect of tax losses).

Balance sheet

Intangible assets
Intangible assets comprise IT projects in progress and completed IT projects as well as other intellectual property rights acquired.

ACCOUNTING POLICIES

The cost of intangible assets comprises expenses, including salaries and amortisation, that are directly or indirectly attributable to those assets.

Indirect production costs in the form of indirectly attributable staff costs and amortisation and depreciation on intangible assets and property, plant and equipment used in the process, are recognised in cost on the basis of man-hour consumption on each project. Interest expense on loans to finance the construction of intangible assets is recognised in cost if it relates to the construction period.

Intangible assets are measured at cost less accumulated amortisa-
tion. Amortisation is charged on a straight-line basis over the estimated useful lives of the assets, which are 3-20 years.

Intangible assets are written down to the recoverable amount if this is lower than the carrying amount.

Property, plant and equipment
Land and buildings, plant and equipment, transport equipment, fixtures and fittings and IT equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost includes purchase price, expenses directly attributable to the acquisition and expenses attributable to bringing the asset to a working condition until the date on which the asset is ready for use. The cost of self-constructed assets includes the direct and indirect cost of materials, components, subcontractors and wages and salaries.

Indirect production costs in the form of indirectly attributable staff costs and amortisation and depreciation

on intangible assets and property, plant and equipment used in the construction process, are recognised in cost on the basis of man-hour consumption on each asset. Interest expense on loans to finance the construction of items of property, plant and equipment is recognised in cost if it relates to the construction period.

The basis of depreciation is the cost less the estimated residual value at the end of the asset's useful life. The residual value of these fixed assets has been estimated at nil, as they are user-specific to such an extent that it is expected that they will not have any saleable value at the end of their useful lives.

Depreciation is charged on a straight-line basis over the estimated useful lives as follows:

- Buildings and installations: 10-50 years
- Plant and machinery: 6-20 years
- Fixtures and fittings, tools and equipment: 3-8 years

The estimated useful lives of items of property, plant and equipment are broken down into significant components.

Items of property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

Investments in group enterprises

Parent company

Investments in group enterprises are measured at cost. Such investments are written down to the recoverable amount if this is lower than the carrying amount.

Investments in associates

Parent company

Investments in associates are measured at cost. Such investments are written down to the recoverable amount if this is lower than the carrying amount.

Group

Investments in associates are recognised and measured using the equity method. Accordingly, the investments are measured at the proportionate share of the companies' net asset values after addition or deduction of unamortised positive or negative goodwill, respectively, and after deduction or addition of unrealised, proportionate intragroup gains and losses.

In connection with the distribution of profit for the year, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method within equity.

Other securities and equity investments

Other securities and equity investments recognised in investments are measured at fair value.

Other equity investments include an investment in an unlisted company. As the fair value of this unlisted company cannot be determined reliably, the investment has been measured at cost.

Regulatory over-/under-recoveries

For en route activities in Denmark and TNC Copenhagen, Naviair is entitled to carry forward over-/under-recoveries in accordance with the provisions under the EU regulation on performance schemes for ANSPs, including the provisions on risk-sharing relating to the development in traffic.

Regulatory over-/under-recoveries are recognised as provisions or receivables, respectively, with set-off in the income statement under revenue. The balance is the amount which the company expects to reimburse or charge through the coming years' rates for business areas subject to regulatory price adjustments.

Over-/under-recoveries are measured at amortised cost, which normally corresponds to the nominal value. If we estimate that it is not probable that the full receivable will be recovered from users, the receivable is written down to its lower estimated value (the recoverable amount).

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less provisions for bad and doubtful debts.

Prepayments

Prepayments comprise expenses incurred that are attributable to subsequent financial years. Prepayments are measured at cost.

Securities

Securities comprise the holding of government and/or mortgage bonds, which is measured at fair value.

Cash

Cash comprises cash at bank and in hand.

Deferred tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts and the tax base of assets and liabilities. The tax base of the assets is determined on the basis of the intended use of the individual asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either by set-off against deferred tax liabilities or as net tax assets.

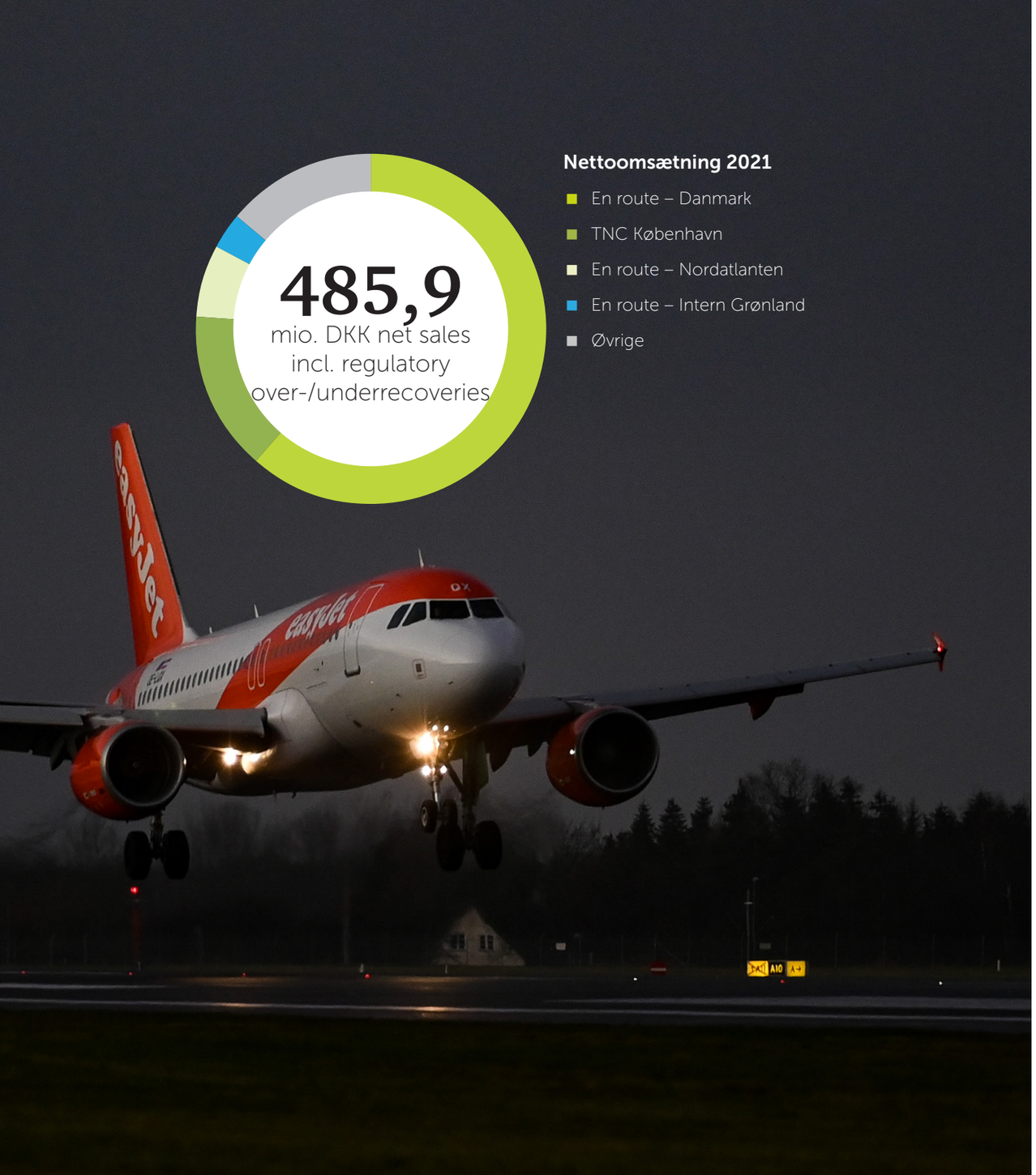
TOP 3 BLL

The three largest destinations out of Billund in 2021

960 departures to Amsterdam

549 departures to Frankfurt

319 departures to Malmö



ACCOUNTING POLICIES

Other financial liabilities

Other financial liabilities are measured at amortised cost, which normally corresponds to the nominal value. Long-term liabilities other than provisions are measured at cost on inception of the loan, equivalent to the proceeds received net of transaction costs. Mortgage loans are subsequently measured at amortised cost.

Pensions and availability pay

Naviair pays pension contributions to the Danish state in respect of civil servants and employees employed under collective agreement on special terms (former civil servants), and the Danish state has therefore taken over the pension obligations in respect of these employees. The pension obligations in respect of other employees are covered under defined contribution pension plans. Naviair is responsible for obligations pursuant to the Danish Civil Servants Act's Section 32 on availability pay. These obligations are disclosed as contingent liabilities.

Income tax receivable and payable

Current tax payable or receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for taxes paid on account.

Deferred income

Deferred income comprises invoiced income to be recognised in the income statement in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the company's cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are determined as operating profit adjusted for non-cash operating items, working capital movements and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and disposal of companies, activities and investments as well as purchase, development, improvement and sale etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the company's capital and associated costs as well as inception of loans, conclusion of finance leases, repayments on interest-bearing debt and payment of dividends.

Cash and cash equivalents comprise cash and short-term securities that are subject to an insignificant risk of changes in value and are readily convertible to cash.

The cash flow statement cannot be derived from the published accounting records alone.

608

In 2021, the busiest day at both Billund Airport and Copenhagen Airport was 15 October.

On 15 October, there were 608 operations in Copenhagen and 123 in Billund.

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Income statement

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER (DKK 1.000)	Note	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Revenue	1	884,256	957,204	884,268	957,216
Work performed for own account and capitalised	2	26,345	19,325	26,345	19,325
Other external expenses	3	-204,026	-214,822	-203,905	-214,701
Staff costs	4	-593,580	-667,617	-593,580	-667,617
Depreciation, amortisation and impairment losses	5	-107,583	-106,093	-107,583	-106,093
Operating profit (loss)		**5,412**	**-12,003**	**5,545**	**-11,870**
Impairment of financial assets	12	0	-33,800	0	-57,155
Income from investments in associates		1,929	8,286	0	2,877
Financial income	6	379	2,290	6,965	8,897
Financial expenses	7	-11,034	-17,777	-11,031	-17,738
Profit (loss) on ordinary activities before tax		**-3,314**	**-53,004**	**1,479**	**-74,989**
Income tax expense	8	1,097	5,979	-354	4,520
Profit (loss) for the year	9	**-2,217**	**-47,025**	**1,125**	**-70,469**

Balance

ASSETS (DKK 1.000)	Note	Group 31.12.2021	Group 31.12.2020	Parent company 31.12.2021	Parent company 31.12.2020
Intangible rights acquired		2,090	3,847	2,090	3,847
ATM system		505,799	521,342	505,799	521,342
Intangible assets under construction		22,326	30,121	22,326	30,121
Intangible assets	10	**530,215**	**555,310**	**530,215**	**555,310**
Land and buildings		261,755	264,914	261,755	264,914
Plant and machinery		248,085	264,600	248,085	264,600
Fixtures and fittings, tools and equipment		7,109	7,882	7,109	7,882
Property, plant and equipment under construction		72,117	58,961	72,117	58,961
Property, plant and equipment	11	**589,066**	**596,357**	**589,066**	**596,357**
Investments in group enterprises		0	0	18,345	18,345
Investments in associates		32,623	31,213	4,833	4,833
Other securities and equity investments		146,377	146,377	0	0
Investments	12	**179,000**	**177,590**	**23,178**	**23,178**
Fixed assets		**1,298,281**	**1,329,257**	**1,142,459**	**1,174,845**
Trade receivables	13	149,049	139,982	149,049	139,982
Receivables from group enterprises		0	0	136,605	130,128
Other receivables	14	101,892	108,264	101,883	108,149
Regulatory under-recoveries	15	686,557	288,163	686,557	288,163
Prepayments	16	40,931	37,539	40,931	37,539
Receivables		**978,429**	**573,948**	**1,115,025**	**703,961**
Cash		39,813	10,420	39,406	9,876
Current assets		**1,018,242**	**584,368**	**1,154,431**	**713,837**
Assets		**2,316,523**	**1,913,625**	**2,296,890**	**1,888,682**

EQUITY AND LIABILITIES (DKK 1.000)	Note	Group 31.12.2021	Group 31.12.2020	Parent company 31.12.2021	Parent company 31.12.2020
Contributed capital		600,000	600,000	600,000	600,000
Reserve for net revaluation according to the equity method		27,790	26,380	0	0
Retained earnings		454,991	459,137	460,262	459,137
Equity		**1,082,781**	**1,085,517**	**1,060,262**	**1,059,137**
Deferred tax	17	66,750	67,847	69,663	69,309
Provisions		**66,750**	**67,847**	**69,663**	**69,309**
Subordinated loan capital	18	200,000	200,000	200,000	200,000
Credit institutions		573,750	175,000	573,750	175,000
Frozen holiday pay		55,993	56,135	55,993	56,135
Long-term liabilities other than provisions		**829,743**	**431,135**	**829,743**	**431,135**
Trade payables		51,678	46,085	51,651	46,060
Payables to associates		290	342	290	342
Other payables	19	160,025	185,158	160,025	185,158
Deferred income		125,256	97,541	125,256	97,541
Short-term liabilities other than provisions		**337,249**	**329,126**	**337,222**	**329,101**
Liabilities other than provisions		**1,166,992**	**760,261**	**1,166,965**	**760,236**
Equity and liabilities		**2,316,523**	**1,913,625**	**2,296,890**	**1,888,682**

Contingent liabilities	20	
Related parties and ownership	21	
Events after the reporting period	22	

Statement of changes in equity & Cash flow statement

	Group				Parent company		
STATEMENT OF CHANGES IN EQUITY (DKK '000)	Contributed capital	Reserve for net revaluation according to the equity method	Retained earnings	Total	Contributed capital	Retained earnings	Total
Equity at 1 January 2020	600,000	26,380	459,137	1,085,517	600,000	459,137	1,059,137
Foreign exchange adjustments	0	-519	0	-519	0	0	0
Profit (loss) for the year	0	1,929	-4,146	-2,217	0	1,125	1,125
Equity at 31 December 2020	**600,000**	**27,790**	**454,991**	**1,082,781**	**600,000**	**460,262**	**1,060,262**

There have been no changes to contributed capital in the past five years.

		Group		Parent company	
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER (DKK '000)	Note	2021	2020	2021	2020
Operating profit (loss)		5,412	-12,003	5,545	-11,870
Depreciation, amortisation and impairment losses		114,835	112,462	114,835	112,462
Other provisions		0	-191,839	0	-190,377
Working capital movements	23	-396,500	-202,954	-396,495	-205,721
Cash flows from operations		**-276,253**	**-294,334**	**-276,115**	**-295,506**
Financial income received		379	5,167	375	11,774
Financial expenses paid		-11,034	-17,777	-11,031	-17,738
Income tax paid		0	5,979	0	4,520
Cash flows from operating activities		**-286,908**	**-300,965**	**-286,771**	**-296,950**
Purchase of intangible assets		-22,307	-25,409	-22,307	-25,409
Purchase of property, plant and equipment		-60,142	-47,602	-60,142	-47,602
Purchase/sale of securities		0	149,548	0	149,548
Cash flows from investing activities		**-82,449**	**76,537**	**-82,449**	**76,537**
Increase in mortgage debt		498,750	175,000	498,750	175,000
Repayment of debt to credit institutions		-100,000	0	-100,000	0
Cash flows from (used in) financing activities		**398,750**	**175,000**	**398,750**	**175,000**
Net increase (decrease) in cash and cash equivalents		**29,393**	**-49,428**	**29,530**	**-45,413**
Cash and cash equivalents at 1 January		10,420	59,848	9,876	55,289
Cash and cash equivalents at 31 December		**39,813**	**10,420**	**39,406**	**9,876**

Notes

1 Revenue

	Group		Parent company	
(DKK '000)	2021	2020	2021	2020
En route – Denmark, charges	272,777	259,579	272,777	259,579
TNC Copenhagen, charges	69,889	63,747	69,889	63,747
Local airports	44,419	42,470	44,419	42,470
North Atlantic	33,024	35,249	33,024	35,249
Areas covered by the Danish Appropriations Act	31,544	45,019	31,544	45,019
Other trade receivables	34,209	37,108	34,221	37,120
Adjustment of over-/under-recoveries charges	398,394	474,032	398,394	474,032
	884,256	**957,204**	**884,268**	**957,216**

2 Work performed for own account and capitalised

	Group		Parent company	
(DKK '000)	2021	2020	2021	2020
Capitalised direct payroll	24,222	17,810	24,222	17,810
Capitalised indirect production costs	2,123	1,515	2,123	1,515
	26,345	**19,325**	**26,345**	**19,325**

3 Other external expenses

	Group		Parent company	
(DKK '000)	2021	2020	2021	2020
Fees to auditors.				
Audit fees, external auditor	400	425	375	400
Consultancy fees, external auditor	3,277	2,374	3,277	2,374
Other assurance engagements, external auditor	139	179	139	179
	3,816	**2,978**	**3,791**	**2,953**

4 Staff costs

	Group		Parent company	
(DKK '000)	2021	2020	2021	2020
Wages and salaries	498,517	615,170	498,517	615,170
Pensions	92,610	50,794	92,610	50,794
Other social security costs	2,453	1,653	2,453	1,653
	593,580	**667,617**	**593,580**	**667,617**
Of which remuneration to the Executive Board and the Board of Directors.				
Salaries to the Executive Board	3,468	3,786	3,468	3,786
Pensions to the Executive Board	580	599	580	599
Remuneration to the Board of Directors	1,634	1,667	1,634	1,667
	5,682	**6,052**	**5,682**	**6,052**

Salary and pension for the CEO totalled DKK 2,383 thousand, including performance-based pay of DKK 30 thousand. Salary and pension for the CFO totalled DKK 1,665 thousand.
The remuneration of the Chairman of the Board of Directors was DKK 436 thousand, the remuneration of the Deputy Chairman DKK 301 thousand and the remuneration of other members DKK 140 thousand. Remuneration to members of the Audit Committee totalled DKK 126 thousand.

Average number of employees	**613**	**627**	**613**	**627**

5 Depreciation, amortisation and impairment losses

	Group		Parent company	
(DKK '000)	2021	2020	2021	2020
Intangible assets acquired	1,856	2,324	1,856	2,324
ATM system	45,546	44,224	45,546	44,224
Land and buildings	22,521	21,540	22,521	21,540
Plant and machinery	41,613	39,894	41,613	39,894
Fixtures and fittings, tools and equipment	3,299	4,480	3,299	4,480
Government grants for capital expenditure projects	-7,252	-6,369	-7,252	-6,369
	107,583	**106,093**	**107,583**	**106,093**

6 Financial income

	Group		Parent company	
(DKK '000)	2021	2020	2021	2020
Foreign exchange gains	194	827	190	826
Interest income group enterprises	0	0	6,590	6,608
Interest income associates	6	0	6	0
Other interest income	173	1,463	173	1,463
Non-deductible interest and percentage supplement	6	0	6	0
	379	**2,290**	**6,965**	**8,897**

7 Financial expenses

	Group		Parent company	
(DKK '000)	2021	2020	2021	2020
Foreign exchange losses	511	1,483	511	1,475
Capital losses on bonds	0	1,488	0	1,488
Other interest expense	12,780	19,521	12,777	19,490
Non-deductible interest and percentage supplement	0	26	0	26
Capitalisation of interim interest	-2,257	-4,741	-2,257	-4,741
	11,034	**17,777**	**11,031**	**17,738**

8 Income tax expense

	Group		Parent company	
(DKK '000)	2021	2020	2021	2020
Change in deferred tax	-1,097	-5,970	354	-4,508
Adjustment of prior year taxes	0	-9	0	-12
	-1,097	**-5,979**	**354**	**-4,520**

9 Proposed distribution of profit

	Group		Parent company	
(DKK '000)	2021	2020	2021	2020
Reserve for net revaluation according to the equity method	1,929	5,411	0	0
Retained earnings	-4,146	-52,436	1,125	-70,469
	-2,217	**-47,025**	**1,125**	**-70,469**

10 Intangible assets

(DKK '000)	Intangible rights acquired	ATM system	Intangible assets under construction	Total
Cost at 1 January 2021	28,889	973,853	30,121	1,032,863
Additions	0	7,556	14,751	22,307
Disposals	-23	0	0	-23
Transfers	99	22,447	-22,546	0
Cost at 31 December 2021	**28,965**	**1,003,856**	**22,326**	**1,055,147**
Depreciation, amortisation and impairment losses at 1 January 2021	25,042	452,511	0	477,553
Depreciation charge	1,833	45,546	0	47,379
Write-downs on scrapped assets	23	0	0	23
Disposals	-23	0	0	-23
Depreciation, amortisation and impairment losses at 31 December 2021	**26,875**	**498,057**	**0**	**524,932**
Carrying amount at 31 December 2021	**2,090**	**505,799**	**22,326**	**530,215**
Portion related to capitalised finance costs	0	27,990	843	28,833

11 Property, plant and equipment

(DKK '000)	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equip-ment under constructio	Total
Cost at 1 January 2021	662,378	694,103	33,067	58,961	1,448,509
Additions	2,847	11,651	899	44,745	60,142
Disposals	0	0	-2,401	0	-2,401
Transfers	16,515	13,447	1,627	-31,589	0
Cost at 31 December 2021	**681,740**	**719,201**	**33,192**	**72,117**	**1,506,250**
Depreciation, amortisation and impairment losses at 1 January 2021	397,464	429,503	25,185	0	852,152
Write-downs on scrapped assets	22,521	41,613	3,299	0	67,433
Disposals	0	0	-2,401	0	-2,401
Depreciation, amortisation and impairment losses at 31 December 2021	**419,985**	**471,116**	**26,083**	**0**	**917,184**
Carrying amount at 31 December 2021	**261,755**	**248,085**	**7,109**	**72,117**	**589,066**
Portion related to capitalised finance costs	7,182	13,697	0	1,071	21,950

Except for a few buildings with a total carrying amount of DKK 35.0 million at 31 December 2021, primarily constructed for navigation equipment at various locations across Denmark and in Greenland, Naviair's total building stock with a total carrying amount of DKK 153.6 million at 31 December 2021 consisted of buildings on leased land. These included the entire Naviair headquarters with ATCC, simulator buildings and offices situated in Maglebylille, and the Tower at Copenhagen Airport, Kastrup. These buildings all sit on land owned by Copenhagen Airports A/S.

12 Finansielle anlægsaktiver

	Group			Parent company		
(DKK '000)	Investments in associates	Other securities and equity invest-ments	Total	Invest-ments in group enter-prises	Investments in associates	Total
Cost at 1 January 2021	4,833	180,177	185,010	75,500	4,833	80,333
Cost at 31 December 2021	**4,833**	**180,177**	**185,010**	**75,500**	**4,833**	**80,333**
Value adjustments at 1 January 2021	26,380	-33,800	-7,420	-57,155	0	-57,155
Foreign exchange adjustments	-519	0	-519	0	0	0
Share of profit for the year	1,929	0	1,929	0	0	0
Value adjustments at 31 December 2021	**27,790**	**-33,800**	**-6,010**	**-57,155**	**0**	**-57,155**
Carrying amount at 31 December 2021	**32,623**	**146,377**	**179,000**	**18,345**	**4,833**	**23,178**

(DKK '000)	Hjemsted	Retsform	Ejerandel	Egenkapital 31. december 2021	Resultat 2021
Investments in group enterprises comprise.					
Naviair Surveillance A/S	Copenhagen	A/S	100.0	13,070	-5,276
Naviair Surveillance USA LLC	Delaware, USA	LLC	100.0	146,443	5
Investments in associates comprise.					
Entry Point North AB	Malmø-Sturup, SWE	AB	33.3	97,865	7,478
Other securities and equity investments comprise.					
Aireon Holdings LLC	Delaware, USA	LLC	4.4		

Other securities and equity investments consist of a 4.4% ownership interest in Aireon Holdings LLC ("Aireon"), which was acquired in multiple tranches in the period 2014-2017. The company Aireon develops and implements space-based global air traffic surveillance systems for commercial airlines and ANSPs.

Equity investments are recognised in investments and measured at fair value. Fair value is calculated on the basis of a return-based cash flow model based on expected net cash flows in the form of expected dividends from Aireon for a period up to 2034, and a terminal value consisting of the value of general and ordinary dividends going forward.

We have carried out a valuation and calculated the fair value based on the latest budgeted results of Aireon's operations. The budget is subject to uncertainty partly related to the future, including the outlook for aviation in general given COVID-19, and partly related to the company's growth strategy. This growth assumes that new countries will be sign up to the system and that air traffic will increase.

The fair value has been determined using the following parameters:

- The fair value has been determined using a return-based cash flow model based on expected net cash flows in the form of expected dividends from Aireon for a period up to 2034.
- Long-term growth of 2% has been included. This is considered a reasonable growth rate in the long term, corresponding to general inflation and market growth. According to US CPI (US con-sumer price index), inflation has historically been 2-3%.
- The investment discount rate has been set by reference to a required return (WACC) of 15%.

This is based on the required interest rate for comparable investments. Against this background, it is our opinion that the fair value of the unlisted equity investment in Aireon should be carried at an unchanged value of DKK 146.4 million at 31 December 2021, which is the fair value determined at 31 December 2020.

13 Trade receivables

	Group		Parent company	
(DKK '000)	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Trade receivables, gross	165,795	155,921	165,795	155,921
Provision for bad and doubtful debts	-16,746	-15,939	-16,746	-15,939
	149,049	**139,982**	**149,049**	**139,982**

14 Other receivables

	Group		Parent company	
(DKK '000)	31.12.2021	31.12.2020	31.12.2021	31.12.2020
VAT and duties	3,203	4,255	3,194	4,252
Other receivables	98,689	104,009	98,689	103,897
	101,892	**108,264**	**101,883**	**108,149**

15 Regulatory under-recoveries

(DKK '000)	En route Denmark	TNC Copenhagen	Billund	I alt
Regulatory under-recoveries at 1 January 2021	214,868	73,295	0	288,163
Adjustment re prior years	-45,699	-4,023	11,391	-38,331
New over-recovery arising during the year	317,384	109,658	9,683	436,725
Regulatory under-recoveries at 31 December 2021	**486,553**	**178,930**	**21,074**	**686,557**
Including under-recovery from before 2021 expected to be reversed within one year	0	0	0	0

Regulatory under-recoveries for En route Denmark and TNC Copenhagen are determined in accordance with the requirements in the European performance plan. As mentioned in the Management's review, the performance plan for reference period 3 has yet to be approved by the European Commission, and is consequently subject to changes to the valuation of the recognised under-recovery and changes to the rules for future collection of charges. Management views this risk as a process risk and expects the performance plan for reference period 3 to be approved without any significant changes in spring 2022.

16 Prepayments

	Group		Parent company	
(DKK '000)	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Prepaid payroll	31,145	29,633	31,145	29,633
Other prepayments	9,786	7,906	9,786	7,906
	40,931	**37,539**	**40,931**	**37,539**

17 Deferred tax

	Group		Parent company	
(DKK '000)	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Deferred tax relates to the following items:				
Property, plant and equipment	104,656	118,672	104,656	118,672
Over-recoveries charges	151,043	63,396	151,043	63,396
Tax loss carryforward	-188,949	-114,221	-186,036	-112,759
	66,750	**67,847**	**69,663**	**69,309**

Provision for deferred tax at 31 December 2021 has been made at 22%, corresponding to the current tax rate. Naviair expects to generate positive taxable income within the coming years and thus the tax loss carried forward is expected to be usable in parallel with the regulatory under-recoveries being charged until 2029.

18 Subordinated loan capital

Subordinated loan capital covers a bullet loan with the Danish state represented by the Ministry of Transport. Each year, Naviair's Board of Directors must decide the extent to which it deems further repayment of the loan prudent based on an overall assessment of Naviair's financial position, liquidity and the extent of non-subordinated debt. No repayments were made on the loan in 2021. Interest is fixed at 4 % p.a., and the loan ranks after Naviair's other interest-bearing debt. According to the loan agreement, the loan consequently meets the criteria for recognition as equity or capital ranking as equity

19 Other payables

	Group		Parent company	
(DKK '000)	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Holiday pay liability	37,209	31,252	37,209	31,252
Payroll, A-tax, social security contributions etc. payable	105,451	145,258	105,451	145,258
Other payables	17,365	8,648	17,365	8,648
	160,025	**185,158**	**160,025**	**185,158**

20 Contingent liabilities

Naviair has a liability of up to DKK 0.9 billion under the Danish Act on Civil Servant Pension's Section 32 on availability pay for civil servants and employees employed under collective agreement on special terms. The obligation in respect of availability pay consists of three years' salary, including pension.

Contractual obligations
Naviair is a party to a number of contracts under which Naviair is under obligation to render a contractual performance.

Naviair is under obligation to provide ANS under the Danish Civil Aviation and Railway Authority's designation of Naviair and under agreements with Danish airports. Furthermore, Naviair has entered into contracts on support and maintenance of aviation-related systems and equipment with Danish airports and other Danish ANSPs.

Within the area of property, plant and equipment under construction, Naviair has entered into contracts on upgrading of Naviair's ATM system and acquisition of aviation-related equipment and systems to a value of approx. DKK 99 million. The remaining payment obligation under these contracts is approx. DKK 64 million.

21 Related parties and ownership

	Basis
Control	
Danish Ministry of Transport, DK 1220 Copenhagen K	Owner, 100%
Other related parties	
Danish Civil Aviation and Railway Authority, DK 2300 Copenhagen S	Supervisory authority
Entry Point North AB	Associate
Naviair Surveillance A/S	Group enterprise
Naviair Surveillance USA LLC	Group enterprise
Danish Defence	Contract for aerodrome and approach control services at Aalborg Airport Cooperation agreement on joint ANS and ATM provision
Board of Directors and Executive Board	Managerial control

For information on Naviair's transactions with the Board of Directors and the Executive Board, reference is made to the note on staff costs.

Naviair has raised a subordinated loan with the Danish Ministry of Transport as described in the note on subordinated loan capital.

All transactions with related parties are made on an arm's length basis.

22 Begivenheder efter balancedagen

There have been no events after the reporting period that affect the fair presentation of profit for the year or the balance sheet at 31 December 2021.

A prolonged crisis due to the Russian invasion of Ukraine could affect Naviair's result for 2022 and the value of the balance pr. 31 December 2022 in a negative direction.

23 Cash flow statement – working capital movements

	Group		Parent company	
(DKK '000)	2021	2020	2021	2020
Changes in receivables etc.	-404,481	-302,752	-404,474	-305,692
Change in liabilities other than provisions etc.	7,981	99,798	7,979	99,971
	-396.500	**-202.954**	**-396.495**	**-205.721**

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Forside: Air Traffic Controller, the Control Tower at Copenhagen Airport.

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